

**REVENUES**General Property Tax (Real Estate)

- Collections for property taxes are forecasted to increase slightly from FY 22 to FY 26 because of the increase in valuations on the inside mileage. Because of HB 920 (1976), we did not see any increase in funds from our voted mills, but the County Treasurer had a tax lien sale that increased receipt of delinquent property tax monies. These would be one-time increase that we will not see next year. Our real estate market has increased over the past year therefore we don't expect to see a decline in values.

Tangible Personal Property Tax (Public Utility)

- These revenues have been stable for the past few years, but with the current COVID 19 situation we are uncertain how these revenues will be affected.

Unrestricted and Restricted State Grants

- With the passage of the State Budget, we are expecting a slight increase in State funding. But, the amounts that are reflected in the forecast show a decrease because the new State formula adjusted how Community (charter) School, Stem School, and Scholarship monies are distributed. These funds will no longer flow through the district. There are corresponding reductions in expenditures to offset the reduced revenue. The increase in restricted funds comes from the reallocation of Student Success and Wellness that were in Fund 467 the past few years. Also, the reclassification of unrestricted funds to restricted with the new State budget.

Property Tax Allocations

- Property tax allocations decreased slightly in FY 21, therefore, we used this amount for FY 22 to FY 26.

**EXPENDITURES**Salary & Benefits

- Based on the negotiated agreement with NDEA and Local Teamsters 957. Conservative estimates used based on available operating funds. Federal Grants continue to offset some salaries in some certified staffing areas FY22-FY24.

- Retirement cost is proportional to salaries.
- Cost of medical benefits increase known through FY24 with Michigan conference, and lower rate of increases over next several years based on insurance pool action with EPC. Dental and life cost showing increase from most recent projections.
- Medicare and retirement based on salary changes, with workers comp showing continued savings from self-insured workers comp programs.
- Severance payout in FY22 slightly higher than previous years and trend continuing in FY23
- Medicare reimbursement received in FY21 \$647,432 but cannot account for in future years due to unknown status of program.
- Wellness fund along with the expenditures associated with that fund are migrating to general fund during FY22 transition year

#### Purchased Services

- Special Education services will continue to increase proportionally to needs of students. Along with increased private transportation needs.
- Less technology repair/replacement costs due to leasing of devices
- Due to bringing grounds service in house is showing savings in purchased services, but noted below in supplies as slight increase due to need of purchasing own materials now.
- Absorbing waste removal expense from food service department to help with deficit in food service budget due to covid-19 impact.
- State Deduction change in coding results in Community School, JP Scholarships, and STEM to not flow through as expense starting in FY22
- Increases expected for repairs on aging buildings
- Building Budgets increased 3% to help offset inflation costs
- Additional curriculum software packages to enhance student intervention and remote learning added FY20-FY24, but offset through federal relief grants shows substantial less expenses in FY22 & FY23. Sharp increase in FY24 and on due to those cost coming back into general fund

- Implementation of SRO contracts to all municipalities will result in an increase of purchased services, approximately \$250k annually.
- Slight offset in maintenance of OFCC buildings due to 034 fund
- New Food Service Point of Sale System FY22 absorbed by general fund due to COVID Losses in Food service budgets FY20-FY21
- Increased Electricity tariffs and capacity charges will add an additional \$50k-\$100k to utility costs this year
- Natural gas per unit cost has doubled in FY22 in comparison to to FY20, thanks to EPC hedges of 80% through FY24 district expense will not increase accordingly throughout FY24

#### Supplies

- Textbook binding expense decrease from previous years due to one to one initiative, and stable in FY21-FY25
- Building and Grounds increased expectations and upkeep along with transportation fuel costs projected to rise.
- Greater expense in software licensing as we implement new programs and devices
- Educational Apps for one to one devices needed for all students K-12
- Covid-19 effect on supply chain resulting in supply costs increases approximately 15-30% depending on material type, but grant funds offsetting increase for FY23 & FY24. Once grant spending deadline is reached in FY24, anticipated increase in supply cost line in FY25 and future

#### Capital

- Utilization of some permanent improvement dollars to offset major capital purchases out of general fund.
- Slight increase in technology equipment needs outside of one to one program.

- Security enhancements for buildings guided by Strategic Plan planned FY21-FY25 which will result in additional expense.
- Energy savings projects (LED retrofitting of buildings, updated HVAC systems,) continued FY21-FY25.
- Covid-19 effect on manufacturing and raw materials costs increases approximately 15-30% depending on material type, but grant funds offsetting increase some.

#### Other

- Educational Service Center contracted services forecasted as flat through Foundation Deduction of \$1.6 M annually. Slight increase in FY23 \$1.75M and anticipated in FY24 -FY26 due to increased student needs,
- Increase in General Fund transfers \$180k FY22-FY26 to cover Severance payouts to retiring Food Service staff, and also new accounting process for tracking extracurricular transportation costs.
- Unspent building reserves appropriated through FY21-FY26 but very little expenditures will take place through those years causing an inflated appropriation of approximately \$600k annually.
- School Board Legal Liability Insurance showing slight increase due to pool action and school district exposure in current social climate. Large increase in Cyber Security expected in FY22-FY26 (100%)
- Food Service Transfers and Advances required throughout FY20-FY22 to offset the impact of Covid-19.

**\*AS WITH EVERY FIVE YEAR FORECAST THE AMOUNTS HAVE BEEN VETTED BASED ON THE MOST CURRENT INFORMATION TO DATE. THIS FORECAST IN PARTICULAR WILL CHANGE BASED ON THE DAILY INFORMATION COMING FROM STATE AND FEDERAL LEVELS BECAUSE OF THE PANDEMIC.**